

the cost and the effect on readiness of the amendment made by subsection (a) and of other potential changes to the Reserve retirement system under chapter 1223 of title 10, United States Code. the Secretary of Defense shall require the Secretary of each military department to implement a system to monitor the award of retirement points for purposes of that chapter by categories in accordance with the recommendation set forth in the August 1988 report of the Sixth Quadrennial Review of Military Compensation

10 USC 12732 (c) RECOMMENDATIONS TO CONGRESS.—

The Secretary shall

note. submit to Congress, not later than one year after the date of the enactment of this Act, the recommendations of the Secretary with regard to the adoption of the following Reserve retirement initiatives recommended in the August 1988 report of the Sixth Quadrennial Review of Military Compensation:

(1) Elimination of membership points under subparagraph (C) of section 12732(a)(2) of title 10, United States Code, in conjunction with a decrease from 50 to 35 in the number of points required for a satisfactory year under that section.

(2) Limitation to 60 in any year on the number of points that may be credited under subparagraph (B) of section 12732(a)(2) of such title at two points per day.

(3) Limitation to 360 in any year on the total number of retirement points countable for purposes of section 12733 of such title.

SEC. 532. RETIREMENT OF RESERVE ENLISTED MEMBERS WHO QUALIFY FOR ACTIVE DUTY RETIREMENT AFTER ADMINISTRATIVE REDUCTION IN ENLISTED GRADE.

(a) ARMY.—(1) Chapter 369 of title 10, United States Code, is amended by inserting after section 3962 the following new section:

"§ 3963. Highest grade held satisfactorily: Reserve enlisted members reduced in grade not as a result of the member's misconduct

"(a) A Reserve enlisted member of the Army described in sub-

section (b) who is retired under section 3914 of this title shall be retired in the highest enlisted grade in which the member served on active duty satisfactorily (or, in the case of a member of the National Guard, in which the member served on full-time National Guard duty satisfactorily), as determined by the Secretary of the Army.

Applicability. "(b) This section applies to a Reserve enlisted member who—

"(1) at the time of retirement is serving on active duty (or, in the case of a member of the National Guard, on full-time National Guard duty) in a grade lower than the highest enlisted grade held by the member while on active duty (or full-time National Guard duty); and

"(2) was previously administratively reduced in grade not as a result of the member's own misconduct, as determined by the Secretary of the Army.

Applicability. "(c) This section applies with respect to Reserve enlisted

members who are retired under section 3914 of this title after September 30, 1996.*

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3962 the following new item: